

HOUSE BILL REPORT

SB 5587

As Passed House:

April 13, 2009

Title: An act relating to authorizing existing city and county real estate excise taxes to be expended on municipally owned heavy rail short lines.

Brief Description: Authorizing existing city and county real estate excise taxes to be expended on municipally owned heavy rail short lines.

Sponsors: Senator Pridemore.

Brief History:

Committee Activity:

Local Government & Housing: 3/18/09, 3/23/09 [DP];

Finance: 4/2/09, 4/3/09 [DP].

Floor Activity

Passed House: 4/13/09, 93-5.

Brief Summary of Bill

- Allows up to 25 percent of the proceeds collected from a locally-imposed real estate excise tax before December 31, 2008, to be used for municipally owned heavy short line railroads.
- Defines "short line railroads."
- Includes a June 30, 2012, expiration date.

HOUSE COMMITTEE ON LOCAL GOVERNMENT & HOUSING

Majority Report: Do pass. Signed by 9 members: Representatives Simpson, Chair; Nelson, Vice Chair; Angel, Ranking Minority Member; Cox, Assistant Ranking Minority Member; Miloscia, Springer, Upthegrove, White and Williams.

Minority Report: Do not pass. Signed by 1 member: Representative Short.

Staff: Ethan Moreno (786-7386)

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

HOUSE COMMITTEE ON FINANCE

Majority Report: Do pass. Signed by 9 members: Representatives Hunter, Chair; Hasegawa, Vice Chair; Orcutt, Ranking Minority Member; Parker, Assistant Ranking Minority Member; Condotta, Conway, Ericks, Santos and Springer.

Staff: Jeffrey Mitchell (786-7139)

Background:

County legislative authorities may impose an excise tax on each sale of real property in unincorporated areas of the county. Similarly, city and town legislative authorities also may impose an excise tax on each sale of real property within their corporate limits. The rate of these real estate excise taxes (REETs) may not exceed 0.25 percent of the selling price. Revenues generated from this tax must be used for financing qualifying capital projects and for housing relocation assistance.

Counties, cities, and towns that fully plan under the Growth Management Act (GMA) may impose an additional REET on each sale of real property that may not exceed 0.25 percent of the selling price. Counties that opted to fully plan under the GMA, and the cities and towns within, may impose the additional REET with voter approval. With some exceptions, revenues generated from this additional REET may only be used for financing capital projects specified in the capital facilities element of a comprehensive plan adopted under the GMA.

"Capital project," for purposes of the additional REET, means public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of specific infrastructure, including:

- streets;
- street and road lighting systems;
- domestic water systems; and
- planning, construction, reconstruction, repair, rehabilitation, or improvement of parks.

The legislative authority of any county, city, or town using revenues from this additional REET must identify in the adopted budget the capital projects that are funded in whole or in part from the proceeds of the additional REET, and must indicate that the tax is intended to be in addition to other funds that may be reasonably available for such capital projects.

Summary of Bill:

Up to 25 percent of the proceeds collected before December 31, 2008, from the additional REET that may be imposed by counties, cities, and towns that fully plan under the GMA may be used for municipally owned heavy short line railroads. The term "short line railroads" is defined to mean class III railroads as defined by the U.S. Surface Transportation Board. A June 30, 2012, expiration date for the bill is specified.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony (Local Government & Housing):

(In support) The House version of this bill was previously heard by the Committee. The bill has protective sideboards, such as an expiration date, and will create economic opportunities for Clark County.

(Opposed) None.

Staff Summary of Public Testimony (Finance):

(In support) This bill allows Clark County (County) to get the funds necessary to develop their short line railroads. The county has already taken steps, such as zoning, but they are struggling with the financing. The railway needs to be improved, and the county cannot do it alone and needs additional tools. The County competes with Oregon and has lost several business development opportunities to Oregon. The current infrastructure needs to be improved in order to attract business to our area. This bill would create manufacturing jobs, not retail jobs.

(Opposed) None.

Persons Testifying (Local Government & Housing): Senator Pridemore, prime sponsor; and Mike Burgess, Clark County.

Persons Testifying (Finance): Eric Temple, Portland Vancouver Junction Railroad.

Persons Signed In To Testify But Not Testifying (Local Government & Housing): None.

Persons Signed In To Testify But Not Testifying (Finance): None.